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TELECOMMUNICATIONS DIVISION STAFF REPORT

Capsule Summary

On August 24, 2000, Illinois Bell Telephone Company (IBT or Ameritech) filed tariffs for the provision of Unbundled Local Switching with Shared Transport (ULS-ST). As required by the Commission's Order in Case 98-0555 (SBC/ Ameritech Merger case), this Permanent (Long-Term) Shared Transport tariff was filed to replace an Interim Shared Transport offering. In contrast to the interim offering, the permanent tariff allows CLECs to bill for originating and terminating access to customers served using the unbundled network element platform (UNE-P).

The Commission considered Staff TRM 833 (which recommended that this tariff filing be investigated but not suspended) on October 4, 2000. The Commission ultimately accepted Staff's recommendation that the tariff be investigated. This Staff Report sets forth the issues staff recommends as the subjects of that investigation.

Background

In June of 1996, the Commission ordered Ameritech to provide the local loop, unbundled switching, and "inter office transport"[1]. The Commission expressly recognized that a competitive local exchange carrier (CLEC) could combine these network elements to provide end to end telecommunications service, thus furthering the Commission's goal of promoting competition in the local exchange market. In August of 1996, the FCC produced its First Report and Order Implementing Local Competition portion of Telecommunications Act of 1996 (FCC Docket 96-98). The FCC ordered the incumbent local exchange carriers to provide unbundled elements and the combined platform.

In Docket 96-0486 the Commission established pricing for the unbundled elements and further addressed the provision of shared transport[2]. Because Ameritech did not provide cost studies for shared transport, interim prices for shared transport were set with the expectation that final prices would be established in a subsequent docket. The Commission initiated Docket 98-0396 to establish permanent prices and

[1] Order, AT&T Communications of Illinois, Inc. Petition for a total local exchange wholesale service tariff from Illinois Bell Telephone Company d/b/a Ameritech Illinois and Central Telephone Company pursuant to Section 13-505.5 of the Illinois Public Utilities Act. Docket 95-0458/95-0531 consolidated, (June 26, 1996), at pp. 63-66 and 77.

[2] Second Interim Order, Investigation into forward looking cost studies and rates of Ameritech Illinois for interconnection, network elements, transport and termination of traffic. Docket 96-0486 and 96-0569 consolidated, (February 17, 1998) at pp. 104-107, and 136.

investigate compliance with the Commission's Order in Docket 96-0486. Subsequently, the schedule of Docket 98-0396 was suspended to allow the involved parties to devote their energies to the SBC/Ameritech merger proceeding.

In an effort to accelerate the deployment of shared transport and the UNE-Platform, in Case 98-0555 the Commission ordered the Company to offer ULS-ST on terms and conditions at least as favorable as those provided in Texas as of August 27, 1999. The tariff filing at issue here purports to comply with that directive.

Details of the August 24, 2000 Tariff Filing

This filing proposed rates, terms and conditions for a "permanent" shared transport offering to replace the interim shared transport offering currently available to requesting telecommunications carriers. The two most notable features of this tariff (as compared to the interim offering) are the use of Advanced Intelligent Network (AIN) functionality for measuring and recording call detail, and the proposed rates, which overall are less than half the rates of the interim offering ($0.0064 per MOU vs. $0.0025 per MOU for an inter-switch call).[3] While the proposed rates for the permanent offering are significantly less than the interim offering, they remain notably higher than SBC's rates for the same offering in Texas, and Ameritech's rates for shared transport in Michigan.

In Staff's view, the August 24, 2000 shared transport tariff marked a significant improvement over the interim offering.[4] Moreover, staff, interested CLECs and Ameritech were able to resolve a number of questions and issues surrounding the proposed tariff in informal technical meetings. As a result of those meetings, Ameritech petitioned the Commission (Docket 00-0636) for permission to file several tariff amendments on an expedited basis to eliminate a $0.0011 per MOU rate for originating usage; clarify that this offering is available to all CLECs (regardless of whether they possess an interconnection agreement with Ameritech); and clarify that this offering is available in conjunction with Ameritech's UNE Platform offering. On

[3] Ameritech also will file shortly a tariff to offer custom routing of Operator Services and Directory Assistance (OS/DA) traffic using AIN functionality. While this was not required by the Commission's Merger Order, use of AIN triggers (as opposed to the current line class code methodology) should reduce rate levels and complexity for CLECs using custom routing in conjunction with shared transport to send OS/DA traffic to their desired OS/DA platform.

[4] The current offering would be replaced in its entirety and would cease to be available. Because Long-Term Shared Transport entirely replaces Ameritech Illinois' former offering of Interim Shared Transport there is no longer any need for the Commission to review the proposed rates for ULS-IST. Issues regarding the rate elements for ULS-IST, specifically the "rough justice" Access Charge Settlement and the usage-sensitive rate for Interim Shared Transport itself, have been raised in Docket 98-0396, the investigation of Ameritech Illinois' compliance with the February 1998 TELRIC order in Dockets 96-0486/0569. As of the effective date of the tariff for Long-Term Shared Transport, issues regarding those rate elements are now moot.

October 6, 2000 Ameritech amended its petition for special permission in order to eliminate the proposed $0.0011 per MOU rate for terminating usage.

With these revisions, and the expectation that several remaining issues would be the subjects of an investigation, the Commission permitted the initially filed tariff to become effective on October 8, 2000. The subsequently filed amendments became effective on October 10, 2000.

Summary of Objections

WorldCom, Inc., AT&T Communications of Illinois, Inc. and Z-Tel Communications, Inc. filed letters objecting to the proposed tariff. Copies of those letters are attached hereto. AT&T and MCI suggest that the Commission suspend the shared transport tariff and order Ameritech to file an interim rate equal to the Texas rate.

The objections contained in letters can be summarized by stating that the companies believe (1) the proposed rates do not reflect a flat rate structure as required by the Commission, (2) the tariff fails to provide shared transport consistent with the "most favored" offering by SBC to CLECs in Texas, (3) the tariff limits use of the service offering to local traffic rather than all intraLATA traffic, (4) there is no OS/DA at cost based rates, and (5) the tariff unreasonably requires CLECs to have interconnection agreements with other CLECs as a condition of providing the shared transport transiting function.

AT&T also raises the issue that Ameritech is restricting the purchase of the UNE platform to elements that are "currently combined". In effect this restricts CLECs from provisioning the platforms to customers that did not previously receive service from Ameritech, customer just moving to an area, and adding additional lines to a platform customers service. WorldCom, AT&T, Z-Tel, and Staff have commented on this restriction in Docket 98-0396.

WorldCom notes that the original tariff does not has specific language allowing CLECs buy the shared transport and unbundled switching out of the tariff if they have a current interconnection agreement. Ameritech addressed this problem in its September petition for accelerated review.

Issues for Investigation

1) Costs and rates, to determine compliance with prior Commission and FCC Orders.

2) Whether Ameritech's restriction of the shared transport offering to local exchange traffic is appropriate and should be maintained. In particular, should shared transport be available for use by CLECs in transporting their intraLATA toll traffic?

3) Whether Ameritech's restriction on ordering new and additional (i.e. second line) loops in combination with unbundled switching and shared transport is appropriate and should be maintained.

It is Staff's belief that the scope of this recommended investigation is sufficiently narrow that it could be completed in a substantially shorter time period than the eleven-month statutory requirement.

Recommendation

It is the recommendation of the Telecommunications Division that the August 24, 2000 Ameritech ULS-ST tariff filing be investigated as set forth in this memorandum. Staff further recommends that the Commission specify a time period for completion of this investigation no longer than eight months.

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Attachments